

Message Text

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SUBJ: BARKAI REPORT ON CIVIL SERVICE SALARIES PROVOKES THREAT OF
LABOR PROTESTS

SUMMARY: A RECENTLY RELEASED STUDY ON PAY FOR CIVIL SERVANTS CALLS
FOR ELIMINATION OF SPECIAL ALLOWANCES WHICH HAD BEEN USED TO
GIVE EFFECT OF PAY INCREASES. CIVIL SERVICE UNIONS AND HISTADRUT
LEADERS HAVE REACTED UNFAVORABLY AND IT APPEARS THAT THE REPORT
MAY BE SLIGHTLY MODIFIED. END SUMMARY.

1. AGAINST A BACKGROUND OF MOUNTING LABOR CONCERN OVER POSSIBLE
UNEMPLOYMENT IN THE PRIVATE SECTOR--SO FAR GREATLY EXAGGERATED--
AND INCREASINGLY MILITANT DEMANDS BY PUBLIC SERVICE EMPLOYEES
FOR SALARY INCREASES AND REFORMS OF THE GOVERNMENT PAY SYSTEM IN
FACE OF TIGHT BUDGET CEILINGS, A COMMISSION ON CIVIL SERVICE PAY
HEADED BY PROFESSOR HAIM BARKAI ISSUED ITS LONG AWAITED
RECOMMENDATIONS FOR A NEW 1976/77 WAGE CONTRACT ON MARCH 5.

2. THE PRINCIPAL BARKAI RECOMMENDATIONS ARE: A) INVALIDATION OF
ARTICLE 27 OF THE 1972-76 COLLECTIVE AGREEMENT FOR CIVIL SERVANTS
WHICH PERMITTED CIVIL SERVICE UNIONS TO REQUEST WAGE ADJUSTMENTS
IN THE FORM OF SPECIAL ALLOWANCES RELATED TO "SPECIFIC
CONDITIONS OF EMPLOYMENT UNIQUE TO CERTAIN PUBLIC SERVICE JOBS".
GRANTING SUCH ALLOWANCES TO NEARLY 20,000 OUT OF 50,000 EMPLOYEES
COVERED BY CONTRACT HAD BEEN A GRAVE ABUSE. THOSE ALLOWANCES
ARE NOW TO BE DENIED. CURRENT ALLOWANCES RANGING FROM 3.4 TO
15.5 PER CENT OF SALARIES (TAX EXEMPT) ARE TO BE ABOLISHED;
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B) EACH MINISTRY IS TO SET ASIDE TWO PER CENT OF SALARY FUNDS FOR

SPECIAL INCENTIVE BONUSES TO BE GRANTED TO OUTSTANDING EMPLOYEES;
C) PERSONS WITH SPECIAL SKILLS OR PROFESSIONS WHO CAN COMMAND
SUBSTANTIALLY HIGHER SALARIES THAN CURRENT CIVIL SERVICE RATES
SHOULD BE OFFERED SPECIAL RATES FOR LIMITED TIME APPOINTMENTS
OUTSIDE THE REGULAR CIVIL SERVICE; D) GENERAL WAGE INCREASES FOR
PUBLIC SERVICE EMPLOYEES ARE TO BE LIMITED FOR THE COMING YEAR TO
THE ALREADY AGREED UPON SEMI-ANNUAL COST OF LIVING ADJUSTMENTS
COVERING 70 PER CENT OF COL INCREASE; E) PROFESSIONAL CIVIL
SERVICE SALARY SCALES SHOULD BE REVIEWED FOR POSSIBLE REFORMS AND
SPECIAL SALARY CATEGORIES FOR SENIOR CIVIL SERVANTS SHOULD BE
CREATED.

3. HOSTILE REACTION TO THE RECOMMENDATIONS BY THE CIVIL SERVICE
UNIONS AND THE HISTADRUT CAME AS NO SURPRISE, ALTHOUGH BOTH LABOR
AND GOVERNMENT HAD AGREED IN ADVANCE TO ACCEPT COMMISSION REPORT
AS BINDING. THIS PRIOR COMMITMENT HAD BEEN MADE IN THE HOPE OF
ENDING THE MOUNTING CLAMOR BY THE MORE MILITANT SECTOR OF CIVIL
SERVICE UNIONS TO EXTEND THE SPECIAL ALLOWANCES AWARDS TO GROUPS
WHICH HAD NOT YET RECEIVED THEM AS MEANS OF PUSHING FOR SUPPLEMENTARY
WAGE INCREASES DURING PERIOD OF WAGE FREEZE.

4. CIVIL SERVICE UNION LEADERS ACKNOWLEDGED TO LABOR ATTACHE THAT
SERIOUS GOI FISCAL PROBLEMS LIMIT THE POSSIBILITY OF SUBSTANTIAL
PAY CONCESSIONS TO A POTENTIAL 300,000 EMPLOYEES IN GOVERNMENT,
MUNICIPAL, EDUCATIONAL, HEALTH AND WELFARE SERVICES. HOWEVER,
THEY CLAIM THAT THE COMMISSION HAD NOT BEEN AUTHORIZED TO
DECIDE THAT GOI SHOULD LIMIT WAGE INCREASES TO COST OF LIVING
ADJUSTMENTS, AN ISSUE WHICH THEY WANTED DECIDED BY COLLECTIVE
BARGAINING. WORSE IN THEIR EYES, THE REPORT IGNORED ECONOMIC AND
ADMINISTRATIVE REQUIREMENTS OF THE CIVIL SERVICE BY AVOIDING
DEALING WITH CIVIL SERVICES PAY REFORMS FOR PROFESSIONAL AND
MANAGERIAL EMPLOYEES AS DEMANDED BY THE UNIONS. THEY ALSO ACCUSED
THAT HISTADRUT LEADERSHIP OF HAVING FAILED TO INSIST ON CLEARLY
DEFINING THE AREAS OF THE COMMISSION'S COMPETENCE IN RETURN FOR
THE ADVANCE ACCEPTANCE OF ITS FINDINGS.

5. ON MARCH 7 THE CABINET REVIEWED AND ACCEPTED THE BARKAI
RECOMMENDATIONS WHILE THE CIVIL SERVICE UNION AND HISTADRUT
LEADERS MET TO DISCUSS STRATEGY FOR CALMING THE AROUSED CIVIL
SERVANTS ON THE ONE HAND AND MODIFYING THE COMMISSION'S
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RECOMMENDATIONS ON THE OTHER. ALTHOUGH SOME CIVIL SERVICE GROUPS
WHICH HAD NOT BEEN BENEFICIARIES OF THE SPECIAL ALLOWANCES APPEALED
FOR
ACCEPTANCE OF THE REPORT, MOST UNION LEADERS OBJECTED. WORKS
COUNCILS OF SEVERAL MAJOR GOVERNMENT DEPARTMENTS ANNOUNCED
THEIR INTENTIONS TO START WORK TO RULE PROTESTS OF INITIALLY LIMITED
DURATION ON MARCH 21 AND GRADUALLY TO ESCALATE THEM IF THE
GOVERNMENT FAILS TO OFFER CONCESSIONS.

6. HISTADRUT LEADERS, FINANCE MINSTER RABINOWITZ AND PRIME MINISTER RABIN ARE TO MEET THIS WEEKEND TO DISCUSS THE PROBLEM AND ACCORDING TO CIVIL SERVICE LEADERS THE SUBJECT MAY BE BROUGHT BEFORE THE NEW LABOR PARTY LEADERSHIP FORUM. UNION LEADERS CLAIM THAT THEY ARE UNABLE TO IMPOSE THE COMMISSION RECOMMENDATION ON THEIR RANK AND FILE MEMBERSHIP.

7. AN EVENTUAL COMPROMISE MAY BE REACHED AROUND THE END OF MARCH, ALTHOUGH PROBABLY NOT WITHOUT SOME TEMPORARY DISRUPTION OF KEY PUBLIC SERVICES. AMONGTHE COMPROMISE SOLUTIONS NOW BEING PROPOSED ARE: A) A SMALL GENERAL WAGE INCREASE OF AROUND 3-4 PER CENT AS PROPOSED IN MINORITY REPORT APPENDED TO BARKAI RECOMMENDATION ;
OR B) AN EXTENSION OF THE HOURS WORKED BY CIVIL SERVANTS FROM 40 45 (THUS INCREASING TAKE HOME PAY) PLUS FREEZING OF HIRING AND ACCELERATED RETIREMENT OF OLDER EMPLOYEES IN ORDER TO HELP KEEP PUBLIC PAYROLL WITHIN LIMITS OF BUDGET PROVISIONS.

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